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Australia

Grain and Feed

Grain Update - July Lockup 2003

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Report Highlights:

Australia's 2003/04 wheat production is projected at 21 million metric tons (MMT), 3 MMT lower than the previous forecast, but sharply higher than the drought-reduced 2002/03 crop. Despite a recent improvement in weather conditions, the country's long-standing and widespread drought has negatively impacted subsoil moisture levels and is expected to lead to a lower area sown to wheat. The reduced wheat production forecast for 2003/04 is expected to trim the quantity of wheat exported and that available for re-building domestic stocks.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Canberra [AS1], AS

2003/04 Wheat Crop Expected to be Lower than Previously Expected

Australia's 2003/04 wheat production is projected at 21 million metric tons (MMT), 3 MMT lower than Post's previous forecast (AS3006, March 10, 2003), but sharply higher than the drought-reduced 2002/03 crop. The lower than previously expected production in 2003/04 is attributed to lower forecasted area and yield. Despite a recent improvement in weather conditions, the country's long-standing and widespread drought has negatively impacted subsoil moisture levels and is expected to lead to a lower area sown to wheat. Conditions thus far for the 2003/04 crop have been favorable in large parts of Western and South Australia. Dry conditions in some major wheat growing areas, particularly in New South Wales and Victoria, have reduced yield potential. The overwhelming majority of the Australian wheat crop is now planted; although some areas could still be planted into the month of July.

The Australian Bureau of Agricultural and Resource Economics (ABARE) released its winter crop forecast on June 10, 2003. According to ABARE, Australia's wheat crop is forecast at 21.7 MMT, versus their earlier (February 2003) forecast of 24.305 MMT. Industry sources are mixed on the expected size of the 2003/04 wheat crop, with projections ranging from lows of below 20 MMT, to highs of about 22.5 MMT. On July 1, 2003, AWB Ltd. revised their projection of the 2003/04 wheat crop to 20-22 MMT, versus their previous projection (May 21, 2003) of 22-24 MMT.

2003/04 Barley Crop Outlook Remains Unchanged

Post forecasts the 2003/04 barley crop at 6.635 MMT, unchanged from the previous figure (AS3012, 5/2/03). This figure is in line with ABARE's June 10, 2003 Report, which forecast the crop at 6.657 MMT. Despite difficult planting conditions in some major growing areas, industry sources expect that lower than expected wheat area will place upward pressure on barley plantings. Barley, a shorter season crop, is better able to tolerate late planting.

Recent Weather Developments

Most of the month of June remained relatively dry in much of Australia's wheat growing area. However, widespread rainfall was registered in most major growing areas during the last week of the month. Notably, some of the drier areas of southern N.S.W. and Victoria received some of the heavier rainfall totals. Western Australia, which usually produces about one-third of the national crop, also benefitted from these rains. The rainfall has provided badly needed follow up rain for areas already sown, and has allowed the late planting of crops in areas that remained unplanted. However, soil moisture in some significant wheat producing areas, most notably northwestern N.S.W. and parts of Victoria, remain very dry. These late June rains, although badly needed, have arrived later than optimal for further significant wheat planting.

Industry sources describe Australia's winter crop outlook as being on a "knife edge," with the crop critically dependent on weather conditions during the remainder of the growing season. The timely late-June rains will allow some further wheat planting and has provided much needed follow-up rains for the earlier sown crop. Subsoil moisture remains critically low across many areas of N.S.W. and Victoria.

Wheat Export Pace for 2002/03 Slows; Export Forecast for 2003/04 Trimmed

The sharply lower 2002/03 wheat crop is showing up in a substantially slower export pace during the first half of calendar year 2003. Even so, monthly exports are continuing at a higher level than previously projected. MY (Oct-Sep) 2002/03 wheat exports are now projected at 8.5 MMT, up from 7.9 MMT previously. This new export projection is expected to result in a lower than expected carry-out in 2002/03.

The reduced wheat production forecast for 2003/04 is expected to trim the quantity of wheat exported and that available for re-building domestic stocks. Australia's 2003/04 wheat exports are forecast at 14 MMT; ending stocks are forecast at 2.27 MMT.

Next ABARE Crop Report

Australia's Bureau of Agriculture and Resource Economics (ABARE) is scheduled to release revised projections of the 2003/04 winter crops (wheat, barley, oats, canola, etc.) and the 2004 summer crops (cotton, rice and sorghum, etc.) on September 9, 2003.

Recent Post Grain Reports

Grain Update - May Lockup, May 2, 2003, #AS3012

Grain and Feed Annual, March 10, 2003, #AS3006

Grain Update - March Lockup, March 6, 2003, #AS3005

Production, Wheat

PSD Table						
Country	Australia					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Harvested	12500	11597	10300	11031	0	11700
Beginning Stocks	5223	4308	6414	7431	2364	1673
Production	24000	24854	10000	10000	0	21000
TOTAL Mkt. Yr. Imports	75	0	150	350	0	150
Jul-Jun Imports	75	0	150	250	0	250
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	29298	29162	16564	17781	2364	22823
TOTAL Mkt. Yr. Exports	16409	16304	7000	8500	0	14000
Jul-Jun Exports	16494	16406	9000	10500	0	12200
Feed Dom. Consumption	3450	2700	4200	4850	0	3700
TOTAL Dom. Consumption	6475	5427	7200	7608	0	6555
Ending Stocks	6414	7431	2364	1673	0	2268
TOTAL DISTRIBUTION	29298	29162	16564	17781	0	22823

AUSTRALIA WHEAT: State-Level Statistics (Million Hectares; Tons Per Hectare; Million Tons)					
			ABARE EST.	ABARE PROJ.	POST PROJ.
	2000/2001*	2001/2002	2002/2003	2003/04	2003/04
				June	July
Queensland					
Area	0.885	0.615	0.465	0.600	0.600
Yield	1.310	1.511	1.183	1.240	1.500
Prod	1.159	0.929	0.550	0.744	0.900
New South Wales					
Area	3.671	3.498	2.950	3.100	3.100
Yield	2.143	2.360	0.661	1.839	1.806
Prod	7.867	8.257	1.950	5.700	5.600
Victoria					
Area	1.143	1.137	1.450	1.550	1.350
Yield	2.695	2.473	0.655	2.161	1.778
Prod	3.080	2.812	0.950	3.350	2.400
South Australia					
Area	1.976	1.962	2.010	2.000	2.000
Yield	2.106	2.496	0.995	1.710	1.800
Prod	4.162	4.897	2.000	3.420	3.600
Western Australia					
Area	4.460	4.380	4.150	4.600	4.650
Yield	1.304	1.811	0.940	1.830	1.828
Prod	5.814	7.931	3.900	8.420	8.500
Total					
Area	12.141	11.597	11.031	11.856	11.706
Yield	1.821	2.143	0.851	1.827	1.796
Prod	22.108	24.854	9.385	21.662	21.028
Estimates based on historical Australian Bureau of Agricultural and Resource Economics reports. * Source: Australian Bureau of Statistics					

AUSTRALIA BARLEY: State-level Statistics (Million Hectares; Tons Per Hectare; Million Tons)					
			ABARE EST.	ABARE PROJ.	POST PROJ.
	<i>2000/2001*</i>	<i>2001/2002</i>	<i>2002/2003</i>	<i>2003/04</i>	<i>2003/04</i>
				<i>June</i>	<i>July</i>
Queensland					
Area	0.123	0.090	0.080	0.100	0.100
Yield	1.008	1.611	1.125	1.320	1.200
Prod	0.124	0.145	0.090	0.132	0.120
New South Wales					
Area	0.643	0.535	0.400	0.600	0.600
Yield	1.997	2.121	0.775	1.850	1.833
Prod	1.284	1.135	0.310	1.110	1.100
Victoria					
Area	0.735	0.732	0.680	0.700	0.700
Yield	2.450	2.049	0.647	1.760	1.760
Prod	1.801	1.500	0.440	1.232	1.232
South Australia					
Area	1.114	1.020	0.970	1.000	1.000
Yield	2.241	2.598	1.289	1.980	1.980
Prod	2.496	2.650	1.250	1.980	1.980
Western Australia					
Area	1.050	1.000	0.950	1.100	1.100
Yield	1.394	2.000	1.211	1.970	1.970
Prod	1.464	2.000	1.150	2.167	2.167
Total					
Area	3.675	3.389	3.092	3.513	3.513
Yield	1.958	2.201	1.057	1.895	1.889
Prod	7.196	7.459	3.268	6.657	6.635
<i>Estimates based on historical Australian Bureau of Agricultural and Resource Economics reports.</i> <i>* - Source: Australian Bureau of Statistics</i>					